

## Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 PA-01

PRS-01 SS-15 NSC-05 L-03 H-01 /092 W

-----192250Z 086446 /45

R 191417Z MAY 77

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 8342

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY LONDON

AMEMBASSY VICTORIA

C O N F I D E N T I A L NAIROBI 6262

E.O. 11652: GDS

TAGS: PINT, ELAB, KE

SUBJECT: GOVERNMENT ANNOUNCES MINIMUM WAGE AND CIVIL SERVICE  
PAY INCREASES

REF: (A) NAIROBI 4038, (B) NAIROBI A-28 OF APRIL 8,  
(C) NAIROBI 5467

1. UPON COMPLETION OF CABINET MEETING CHAIRED BY PRESIDENT KENYATTA MAY 18, KENYA NEWS AGENCY ANNOUNCED MINIMUM WAGE INCREASES RANGING BETWEEN 12 AND 17 PERCENT DEPENDING ON LOCATION AND NATURE OF WORK. WAGES OF WORKERS AT MINIMUM WAGE LEVEL IN NAIROBI AND MOMBASA WERE RAISED FROM 300 TO 350 KENYA SHILLINGS/MONTH (APPROXIMATELY \$37.50 TO \$43.50). AT SAME TIME, CIVIL SERVANTS EARNING LESS THAN 1400 KENYA SHILLINGS/MONTH WERE GRANTED INCREASES OF UP TO 40 PERCENT IN SOME PAY GRADES.

2. WITH RESPECT TO EXISTING WAGE GUIDELINES, UNDER WHICH PRIVATE SECTOR WAGES ARE NEGOTIATED, MINISTER FOR LABOR JAMES NYAMWEYA STATED THAT THESE WILL BE AMENDED AND  
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THAT ALL COLLECTIVE AGREEMENTS SIGNED PRIOR TO MARCH 1, 1977, WILL HAVE TO BE RENEGOTIATED. HE GAVE NO DETAILS AS TO EXTENT OF REVISION TO GUIDELINES, BUT BOTH LOCAL DAILY PAPERS MAY 19 SUGGESTED THAT WHEN THE GUIDELINES ARE ANNOUNCED RESULT WILL BE 6 PERCENT AGGREGATE WAGE INCREASE. THIS IS CONFIRMED BY SOURCES IN MINISTRY OF FINANCE. NO MENTION HAS THUS FAR BEEN

MADE WITH RESPECT TO GOVERNMENT'S DECISION ON ISSUE OF INCREASED HOUSING ALLOWANCE FOR WORKERS ALSO SOUGHT BY THE CENTRAL ORGANIZATION OF TRADE UNIONS (COTU).

3. IF, INDEED, AGGREGATE WAGE INCREASE AMOUNTS TO ONLY 6 PERCENT IT WILL BE BITTER PILL FOR LABOR. INFLATION RATE IN 1976 WAS 10 PERCENT AND MOST OBSERVERS PROJECT 1977 INFLATION RATE AT AT LEAST 15 PERCENT. WAGE INCREASE OF ONLY 6 PERCENT WILL RESULT IN CONTINUING DETERIORATION IN PURCHASING POWER OF WORKERS AT A TIME WHEN KENYAN ECONOMY IS RELATIVELY STRONG.

4. COTU HAS AS YET MADE NO OFFICIAL COMMENT ON GOVERNMENT'S ANNOUNCEMENT. COTU GOVERNING COUNCIL HAS SCHEDULED MEETING FOR THIS AFTERNOON (MQY 19) TO REVIEW SITUATION.  
LINDSTROM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COLLECTIVE BARGAINING, LABOR OBJECTIVES, WAGE RATES  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009